

**MINUTES OF REGULAR MEETING  
ILLINOIS GAMING BOARD  
March 6, 2006  
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

On Monday, March 6, 2006 a Regular Meeting of the Illinois Gaming Board ("Board") was held in the conference room of the Gaming Board Offices on the 3<sup>rd</sup> floor at 160 N. LaSalle for closed session.

The following Board Members were present: Chairman Aaron Jaffe, Members Charles Gardner, Joseph Moore, Eugene Winkler and James Sullivan.

At 9:30 A.M. Chairman Jaffe called the meeting to order. Pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, Member Gardner moved that **the Board retire to Closed Session to discuss the items listed under Closed Session on today's agenda and relating to the following subject matters:**

1. **Personnel matters;**
2. **Pending Litigation;**
3. **Investigations concerning applicants and licensees; and**
4. **Closed Session Minutes.**

Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

The Board convened its Open session at 1:44 P.M. pursuant to motion.

Approval of Minutes

Member Winkler moved that **the Board approve the closed and open session minutes of its Regular Meeting of February 14, 2006**. Member Sullivan seconded the motion. The Board approved the motion unanimously by roll call.

Chairman's Report/Comments

The Chairman stated that the legislature is in session. The Chairman stated that there have been a number of bills pending, and the Board has not taken a position on any of the bills except for our Independence bill. The Chairman also stated that he hopes the bill passes both houses and will be signed by the Governor.

Member Winkler stated that he was hoping that Mr. Crider would be present from Harrah's Metropolis, as he would like to commend Metropolis for the response to the conversation that the Board had with him at the last meeting. Metropolis provided information in steps to diversify

their employee force, particularly in top management. Member Winkler stated that he wanted to credit Harrah's for the work that they have done.

Member Moore stated that he would like to echo the same sentiment that Member Winkler stated. Member Moore stated that some tweaking needs to be done in certain areas in terms of the dollars and the 501(c)(3) entities that need to be identified. Member Moore stated that overall Metropolis gave the Board members a much clearer picture.

Member Gardner stated that in the closed session the Board reviewed the update for Par-A-Dice Casino and given the information provided, he was disappointed in Par-A-Dice's efforts in the year 2005 as compared to the 2004 to support community activities.

Joe Moore stated that he would like to take this opportunity to comment on the three tours that he took to the casinos; Harrah's Joliet, Empress and the Grand Victoria in Elgin. Member Moore stated that the tours went very well, an abundance of cooperation and thanks to all.

#### Administrator's Report

Administrator Ostrowski stated that he would like to thank Member Moore and Member Gardner for participating with staff in the General Manager's meeting. He also went on to thank all the general managers, Tom Swoik and representatives who attended the meeting. Administrator Ostrowski felt that some constructive dialogue was given, and IGB staff looks forward to receiving the submissions that the industry will supply in the coming weeks.

Administrator Ostrowski stated that one of the staff attorneys for the Gaming Board, Carla Davis has left the Gaming Board in pursuit of other avenues, and he and staff wish her well.

#### OWNER LICENSEE ITEMS

a. Item for Initial Consideration – no motion

- Casino Rock Island – Development Agreement

Donna Moore on behalf of Casino Rock Island stated that they have submitted the development agreement for review and based on discussions from the last meeting they understand that the Board would like to review the Agreement and would be back at the Board meeting next month for final action.

b. Item for Final Action

- Penn National – Request for Extension

The Chairman stated that the Senator William Haine is present to express some concerns.

Senator Haine was present on behalf of the City of Alton. He went on to state that he was born and raised in the City of Alton on the Mississippi River. Alton at one time was an industrial

town with glass manufacturers, steel mills and a box board plant. Many that were in the area are all gone, except for one refinery, and the remnant of a steel mill. Senator Haine went on to state that the Argosy Casino which was placed in Alton in 1991 has been a tremendous asset. It created 700 jobs, it produces \$110M in gross revenues every year; much of which goes to the common school fund, but without it the City of Alton would be in dire straits. The City has built two fire houses, a huge court center, repaired streets, parks and supported great works of charity because of the revenue from this gaming boat. The gaming boat has also put hundreds of thousands of dollars back into the community; a part from the tax proceeds. When Penn National purchased the Argosy Alton, the Mayor and the City Council were overjoyed because Penn National was a tier one company with national reputation and they have already put \$3.5M in the operation with the promise of even more. Senator Haine indicated that the Mayor of Alton was quite concerned about the rule which might cause Penn to divest themselves of the riverboat in an atmosphere where they may not obtain a buyer that is a tier one buyer. Senator Haine stated that he was here to appeal to the Board on that rule to modify it so that Penn National can keep the ownership and continue to keep its pledge. He stated that the Alton Belle has a nice niche in the St. Louis area and there is heavy competition. Missouri has five gaming operations and they have the Casino Queen down the river in East St. Louis. However, the Casino Queen is not our competition; the competition is immediately across the river at Harrah's which is in north St. Louis County and St. Charles County. Without a tier one owner such as Penn National, Alton would just be back in the soup again. Senator Haine stated that he is not here as a representative of Penn but for the City of Alton. Senator Haine went on to mention that Senator Wilhelmi from Joliet, Will County has similar concerns about what will happen with their operation if Penn has to sell it .

The Chairman asked if the Senator would be satisfied if the Board could enter into an agreement with Penn saying that the Alton Belle would stay within the ownership of Penn National. Senator Haine stated that he would be ecstatic. The Chairman stated that the Senator may go out of this meeting ecstatic.

Kevin DeSanctis, President of Penn National and Cid Froelich addressed the Board. The Chairman stated that it was the first time he saw them smile in a long time. Kevin DeSanctis, stated that they are here before the Board requesting an extension of time to divest the Empress Casino and the Alton Belle Casino. Kevin DeSanctis went on to thank the Board and staff with their patience to resolve the understanding of the issues at hand. Kevin DeSanctis stated that it was his understanding that the Board has come to a resolution and that Penn is in agreement with the issue.

The Chairman stated that as he understands the agreement, Penn will get an extension in regard to the Empress. Penn shall enter into a definitive sales agreement to divest itself of the Empress Casino by June 30, 2008. (Member Gardner suggested that divestiture is more accurate than a requirement to sell) Secondly the Chairman stated that Penn will not sell the Alton Belle Casino as required by the Penn Argosy merger approval agreement. Penn shall continue to operate its Illinois casinos independently to prevent undue economic concentration. The Chairman stated that the Illinois Gaming Board may require Penn to accelerate the sale of the Empress Casino within one year if the Board determines that Penn's ownership of three Illinois casinos or two casinos in the Chicago area, is causing undue economic concentration. The terms of the Penn-

Argosy Merger Approval Agreement remain in full force and effect, except as modified by this resolution. The Chairman asked if that was correct. The Chairman stated that the Board will then delegate to Administrator Mark Ostrowski to execute an Amended Penn-Argosy Merger Agreement reflecting the terms set forth in this Resolution.

Member Gardner stated that he felt he had a productive conversation with Penn representatives and that they made persuasive arguments for granting this extension, and they had evidence of their willingness to operate the boats to date in an independent fashion. Member Gardner believes that the Board should be thoughtful of Penn shareholders and of their situation and provide this extension. Member Gardner went on to say that he is pleased that they are going to keep the Alton Belle.

Member Moore stated that during this period of time; between now and 2008 Penn should have an effective social investment strategy. Kevin DeSanctis stated that they have no problem with the Board's Social Investment Strategy and Penn agrees to all the terms of the Resolution.

Member Gardner moved to adopt the following resolution:

#### **RESOLUTION**

**I offer the following resolution:**

**WHEREAS, on November 3, 2004 Penn National Gaming, Inc. (Penn) and Argosy Gaming Company (Argosy) entered into an Agreement and Plan of Merger;**

**WHEREAS, on September 29, 2005 the Illinois Gaming Board approved the merger of Penn and Argosy as well as Penn's request to sell the Empress Casino and the Alton Belle Casino pursuant to the Penn-Argosy Merger Approval Agreement;**

**WHEREAS, pursuant to the terms of the Penn-Argosy Merger Approval Agreement, Penn was required to enter into a Definitive Sales Agreement to sell both the Empress Casino and the Alton Belle Casino by December 31, 2006;**

**WHEREAS, Penn no longer desires to sell the Alton Belle Casino;**

**WHEREAS, Penn has requested an extension of time to sell the Empress Casino;**

**NOW THEREFORE, BE IT RESOLVED as follows:**

- 1. Penn shall enter into a definitive agreement to divest of the Empress Casino by June 30, 2008;**
- 2. Penn will not sell the Alton Belle Casino as required by the Penn-Argosy Merger Approval Agreement;**
- 3. Penn shall continue to operate its Illinois casinos independently to prevent undue economic concentration;**

4. **The Illinois Gaming Board may require Penn to accelerate the sale of the Empress Casino within one year if the Board determines that Penn's ownership of three Illinois Casinos, or two casinos in the Chicago area, is causing undue economic concentration;**
5. **The terms of the Penn-Argosy Merger Approval Agreement remain in full force and effect, except as modified by this resolution; and**
6. **The Board delegates authority to the Administrator to execute an Amended Penn-Argosy Merger Agreement reflecting the terms set forth in this Resolution.**

**I move to adopt the foregoing resolution.**

Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

Chairman Jaffe stated that the Board never asked anybody to sell the Alton Belle. People have come to us and stated why did we push Penn to sell the Alton Belle, but the Board never did. The Chairman stated that he just wanted to make the record clear.

#### **SUPPLIER LICENSEES ITEM**

Administrator Ostrowski stated that the Board and staff would appreciate that in the future that certain updates are given to our staff in a timely manner.

Chairman Jaffe stated that the Gaming Board is catching up, and for a long time the Board did not have a quorum on this Board. The Board is catching up and for more smooth operations, the supplier also must operate smoothly.

- **Atronic Americas, LLC – License Renewal**

**Based on a review of the staff's investigation and recommendation, Member Sullivan moved that the Board approve the Supplier's license of Atronic America, LLC for a term of 4 years expiring 2010 and impose the following condition:**

**That all future required submissions, including supplier license renewals and annual updates be submitted to the Illinois Gaming Board in a complete and timely manner. In addition, ensure all personal net worth statements and corresponding net worth statements and corresponding financial schedules A-J, for all Key Persons, be dated within six months of the submission date.**

**Further, I move that the Board certify and approve the following individuals and position as Key Persons of the licensee:**

1. Paul Gauselmann;
2. Michael Gauselmann; and
3. Chief Executive Officer.

**Further, I move that the Board approve Atronic America, LLC to manufacture, sell or lease electronic gaming devices to licensed riverboat casinos in Illinois, pursuant to the requirements set out in the Board's Adopted Rules.**

Member Gardner seconded the motion. The Board approved the motion unanimously by voice vote.

#### OCCUPATIONAL LICENSES APPROVALS & DENIALS – Level 2's & 3's

Administrator Ostrowski stated the based on the staff's investigation he recommends that the Board approve 29 applications for an occupational license at level 2 and 109 applications for an occupational license at level 3 and 1 denial.

Based on staff's investigation and recommendation, Member Moore moved that **the Board approve 29 applications for an Occupational License, Level 2, and 109 applications for an Occupational License, Level 3.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

Based on staff's investigation and recommendation, Member Moore moved that **the Board direct the Administrator to issue a Notice of Denial to Andreous Stacey, an applicant for an occupational license, who previously received notice that staff intended to recommend denial and did not respond or provide additional information to rebut that recommendation.** Member Winkler seconded the motion. The Board approved the motion unanimously by roll call vote.

#### PROPOSED COMPLAINTS AND DISCIPLINARY ACTIONS

Administrator Ostrowski stated that there was one disciplinary complaint against Shrpesime Sadiku. She is an occupational level 3 licensee who is the Marketing Coordinator at Harrah's Joliet Casino from April 19, 2004 to May 16, 2005 at that time she left employment for another casino. She previously was employed as the Marketing Coordinator at Harrah's Joliet from August 19, 1999 through September 25, 2003. She transferred to Harrah's East Indiana and was previously licensed in Illinois on July 24, 2001 and her license expired after she left her employment. On September 25, 2005 she executed a hand written statement admitting giving an undetermined number of promotional vouchers to friends and families so that they could cash them at Harrah's Joliet and to receiving some of the cash back for an extended period of time. Harrah's Joliet Casino management determined that the amount that was missing in promotional vouchers was \$58,500.00 that occurred during the period of June 23, 2004 through July 20, 2005. Ms. Sadiku was indicted by the Will County Grand Jury and is currently charged with multiple counts of felony theft. Based on the activity that this occupational licensee engaged in and based on the activity that she engaged in through her employment at Harrah's Casino Joliet it is activity

tends to discredit the Illinois Gaming industry, and as a result, we recommend that her license be revoked.

- Shrpesime Sadiku

Based on the staff's investigation and recommendation, Member Sullivan moved that **the Board issue a Disciplinary Complaint against Shrpesime Sadiku, a Level 3 Occupational Licensee, for failing to comply with the Illinois Riverboat Gambling Act and the Board's Adopted Rules in relation to her admission of participating in the theft of \$58,500 in promotional vouchers from Harrah's Joliet over an extended period of time.**

Further, Member Sullivan moved that **the Board revoke Ms. Sadiku's Occupational License. Said action to take affect twenty-one (21) days from the date of service of this complaint unless the licensee files an Answer within that time period.** Member Winkler seconded the motion. The Board approved the motion unanimously by role call.

#### PUBLIC COMMENTARY

Tom Swoik, Executive Director, Illinois Casino Gaming Association addressed the Board. First Mr. Swoik stated that the Grand Victoria Casino in Elgin is holding a 2006 Diversity Networking Event on March 15<sup>th</sup>. It is an opportunity for various minority businesses and female owned businesses to come and participate in a conference and network with the industry. All the Illinois Casinos will be involved in this event as well as two of the northwestern Indiana boats.

Member Moore asked how the public is being made aware of this. Mr. Swoik stated that the casino is dealing with the Chicagoland Minority Business Counsel and they have published it in the newspapers. Mr. Swoik also stated that sometime in May (May 2, 2006) there will be one down in East St. Louis. Member Moore asked if any of the boats will be participating in the Business Opportunity Fair at Nay Pier in April.

Illinois' gaming industry takes problem gaming very seriously and continues to do something about it. Last month we celebrated our tenth anniversary of working with Bensinger Dupont and Associates and funding the 1-800-Gambler hot line.

Last April in our ongoing efforts to promote responsible gaming and utilize our resources in the most effective manner, we announced an additional grant to BDA to support two new initiatives. The first of these is the Chance to Change Program (C2C), which is an enhanced case management/relapse prevention support service program. This program received last years "innovation in the field" award from the Illinois Council on Problem and Compulsive Gambling. The second new program is the Problem Gambling Education and Training program (PGET) which focuses on providing education and training for three groups, high school students, clinicians-in-training and students in hospitality management programs and senior citizen centers. We chose BDA not only because of their proven national track record but also because we could consolidate our efforts with one of the most respected authorities in the arena of responsible gaming.

“The vast majority of the millions of people who gamble do so responsibly and for fun. However, even though the percentage of those adversely affected is small, the Illinois gaming industry takes problem gaming very seriously and our continued efforts demonstrate our ongoing commitment to promoting responsible gaming and offering support mechanisms for people in need of help.”

At this time it gives me great pleasure to introduce, Mr. Peter B. Bensinger, President of Bensinger Dupont and Associates who will update you on these programs.  
Mr. Bensinger.

- Bensinger, DuPont & Associates (BDA)
- Problem Gambling Help Line Provider for 10 States
- 3 major programs to discuss today
- Help line services
- Chance to Change
- Problem Gambling and Education P-GET
  
- Help line services
- Funded by ICGA & partial funding by IL Dept Health and Human Services and since 10-05 IL Dept of Lottery
- Access through 2 national help lines 800 GAMBLER and 800-522-4700
- 24/7 Masters level counselors responsible for crisis stabilization, problem assessment & referral to treatment and self help groups like GA
- Answered 6646 calls in 2005 with 2646 calls directly related to those seeking help on a problem gambling issue
- Please refer to statistical report on 2005 help line activities
  
- ICGA funded a major new initiative in Illinois called Chance to Change (C2C)
- Recognized that there is need for some helpline callers in 2 areas
  1. Not enough professional treatment in all areas of the State (GA is expanding still not as many meetings as other self help groups like AA)
    - 52 of 102 counties in IL do not have GA or state funded or identified therapists specializing in treating compulsive gamblers
    - Very common issue in the majority of states
  2. Problem gamblers may benefit from additional support from professional clinical contact as an aid to their recovery from this addiction

BDA developed enhanced case management/relapse prevention program to address these 2 issues

- Problem gamblers accessing help line services are screened to determine if they meet criteria for C2C. 2 major criteria for selection:

1. live in counties without tx or GA
2. screened according the an assessment based on the “5 stages of change” - Pre-contemplation, Contemplation, Determination, Action, & Maintenance—Work with those in actively working toward stopping gambling in Contemplation and Determination stages

Clients agree to participate in an initial comprehensive screen and 5 follow-up sessions. Sessions are telephone based & last 45 minutes. Sessions occur over a 12 week period at Week 1 after initial call, Week 2, Week 4, Week 8 and Week 12. Overall goal is to promote abstinence and support client in participating in treatment and GA. Also mail educational materials before each session including workbooks, journal articles, bibliographies and books. C2C counselors available to support family members and client’s therapists with any specific issues relating to recovery from gambling addiction. During 2005, BDA completed 243 sessions. BDA evaluating data; appears that abstinence is enhanced Week 1- 65%, Week 2- 76% Week 4- 76% Week 8 –67% and Week 12 100% (compared to 50% of gamblers participating in our outcome study.

- Received award from the Illinois Council on Problem Gambling for “Innovation in the Field”.

2<sup>nd</sup> program funded by the ICGA Problem Gambling Education & Training (P-GET)

- Focusing on providing problem gambling education and training to:
  1. High school students
  2. Clinicians in training and college students
  3. Senior citizens
- Major goal is to enhance public awareness about problem gambling

#### 2005 Activities

- developed a website [www.ilproblemgambling.com](http://www.ilproblemgambling.com)
- Illinois residents could obtain information on problem gambling and make on-line training requests. Information on-line includes:
  - Information for problem gamblers and family members
  - FAQ, signs and symptoms of problem gambling
  - Myths and realities, problem gambling referral resources
  - Help line and C2C information
  - Links to other sites
  - Training outlines
- During 2005 developed training modules
- 1200 P-GET mailings to Illinois educational institutions and senior centers
- Conducted sessions at high schools, and universities

## Conclusion

- Expanded role of case management services through C2C. Provides Illinois residents with one of the most unique programs in the nation.
- Built on 10 years of experience providing help line services in Illinois
- A continued focus on public education training and outreach will ensure that awareness of problem gambling is important to the ICGA and all Illinois residents.

Member Winkler stated that he is not pleased with the statistics of the Gambling Services Report. Member Winkler also stated that there should be a better way to approach the gambling problem so that the gambler sticks with the program.

Mr. Bensinger stated that he is aware of the statistics, and he interprets them differently than Member Winkler. He also stated that the fact that there are people in treatment is a success. Mr. Bensinger stated that more resources need to be made available to the gambler to get a higher degree of counseling. He also stated that most treatments that are available are to those who have insurance coverage. He also stated that the program that is presently under way is definitely behind others.

Member Gardner also stated that he is displeased with the percentages of gamblers that are in the program. Mr. Bensinger stated that studies were done over several different time spans, and there are ways to get the gambler to stop, the gambler needs to go to Gambler's Anonymous meetings; that's their goal, to get them to the meetings. A way to do that would be to get them in all counties, not just a select few. He also stated that the Board will be kept informed of any additional information. Member Gardner went on to state the statistics are not encouraging.

Member Winkler went on to state that these people are ruining their lives and the lives of their loved ones. They need more help. BDA responded that the gambler is being assisted in the best way possible with what is at their disposal. Tom Swoik also stated that this was a new program. This program is trying to help these people out.

At 2:45 p.m. Member Winkler moved to reconvene to closed session. Member Gardner seconded the motion. The motion passed unanimously by roll call vote.

Respectfully submitted,

Mary C. Boruta  
Secretary to the Administrator